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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 09/09/08

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ARTICLES:

- (1) Shock of Fukuda's resignation announcement (Part 2): Debate on economic growth and tax hikes should be held openly and squarely

NIKKEI (Page 1) (Slightly abridged)  
September 4, 2008

By Mikio Kanno, editorial writer

Business managers are now astonished by Prime Minister Yasuo Fukuda's sudden announcement of his resignation. The president of a

small mold maker in Ota Ward, Tokyo, lamented Fukuda's decision: "I have desperately made efforts to get jobs for the sake of my employees and their families. I wonder why he could so easily abandon his administration." With the prime minister's resignation amid an economic downturn, the flow of economic policy making will stop. It is only natural that 70 PERCENT of major company managers are concerned that Fukuda's resignation may have a negative impact on their business. Fukuda set the slogan of realizing "peace of mind" and of building "trust," while distancing himself from the structural reform policy course, when he took office last September. He was eager to reform the public pension system that would boost public confidence, as well as to look into the possibility of increasing the consumption tax rate.

With his announcement that he was quitting the prime minister's post less than one year since taking office, Fukuda failed to implement his policy agenda. The government's national council on social security is expected to present its final report as early as next month, but how the report will be used after Fukuda steps down is unknown. There is still no prospect for fiscal resources that would enable the government to halve the treasury's share of the basic pension burden for 2009. It is also uncertain whether tax revenues currently earmarked for road maintenance and construction will be appropriated into general spending from fiscal 2009.

It is true that a global credit crunch and economic slowdown caused by the U.S. subprime mortgage crisis adversely affected the Fukuda administration. The government, after the cabinet shuffle in August, admitted to the possibility of an economic slowdown and it began to compile an economic stimulus package. However, since the New Komeito

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forced Fukuda to accept its demand for a fixed tax reduction, the policy of Fukuda, who attaches priority to fiscal reconstruction, was undermined.

What is of major concern is that moves aiming at creating "big government" are gaining ground in both the ruling and opposition parties. Fukuda announced his intention to maintain the goal of bringing the primary balance into the black by fiscal 2011. However, LDP Secretary General Aso, who has announced his candidacy for the party leadership race, has referred to the possibility of putting off that goal. In the main opposition Democratic Party of Japan (DPJ), as well, there is no move to review its campaign pledges for the 2007 Upper House election such as creating a minimum welfare pension system with no fiscal support, as well as income compensation to individual farmers. If both the ruling and opposition parties compete by offering great deals, while postponing tax hikes, future generations will have to pay accumulated debts.

In addition to Aso, several candidates, including lawmakers advocating the importance of the Koizumi reform initiative and economic growth, will run in the upcoming LDP presidential election. Ichiro Ozawa, who is certain to be reelected as DPJ president for his third term, will reportedly reveal his policy again. With an eye on the next Lower House election and political realignment that follows the election, there will be opportunities to assess the persuasiveness of LDP and DPJ candidates.

We would like to pose three questions to LDP and DPJ candidates. First, how they will increase an economic growth under the growing aging population and international competition? They also should make clear their position toward regulatory reform, policy of opening the country to foreign business, and a corporate tax increase, which is a global trend.

Second, how they will keep a balance between the benefits and burdens of the social security? They should clarify how they will secure fiscal resources for a policy of realizing the public's peace of mind. Unless they do so, they will be called irresponsible. They should also reveal their thinking as to whether they prefer a welfare insurance system or a tax system when pension premiums are collected.

Third how they will reduce the wasteful use of tax revenues in order to cut huge fiscal deficit. They should ask the public when, for

what purpose tax hikes, including a consumption tax increase, will be needed.

Once voters learn what the clear distinction is between the LDP candidates' position and that of the DPJ candidates, they will be able to demonstrate their clear will in an election to choose the party that they feel should hold the political helm. Candidates and parties that stress rosy policy toward voters, skillfully avoiding arguments on tax hikes, will not be able to get public confidence and will lose their competitiveness. Such policy debate is expected by the electorate.

(2) Put an end to one year of gridlock

SANKEI (Page 13) (Abridged slightly)  
September 5, 2008

By Hisahiko Okazaki, former ambassador to Thailand

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First, I would like to express my respect to Prime Minister Yasuo Fukuda for his swift decision to step down.

Asked for my views on Prime Minister Fukuda since he came into office, I have always indicated that his strongest point lies in his humbleness.

Constantly compared to his late father, Takeo Fukuda, who had enjoyed the confidence of conservatives as a lawmaker following in the footsteps of the Nobusuke Kishi administration, Yasuo Fukuda is a person capable of looking at himself objectively.

It was like this when he resigned as chief cabinet secretary (in 2004). He knows when to quit without clinging to authority and his position.

As was mentioned by Fukuda himself, his decision this time resulted from the divided Diet. This is a product of the drawback no one intended to create in the process of drawing up the Constitution during the Occupation.

Under the parliamentary government system originated in Britain, politics is supposed to be conducted while striking a balance between the government's right to dissolve the parliament and the parliament's right to submit a no-confidence motion. The mistake that created the Upper House, which cannot be dissolved by the government, though it has the authority similar to that of the Lower House, has surfaced after the end of the LDP's control over the upper chamber following half a century of the Occupation.

Currently, there is only one means to dissolve this situation, that is, to create a system or a mental attitude to reach agreements that cross party lines on matters of national interests.

The Maritime Self-Defense Force's refueling mission in the Indian Ocean to support Afghanistan is a vital issue in view of Japan's national interests.

Party interests harm national interests

The UN resolution on the U.S.-led coalition forces in Iraq expires at the end of this year. The ongoing assistance for Afghanistan is Japan's only support to the United States' counterterrorism strategy. In the event Japan terminates this assistance, Republican presidential candidate John McCain's immediate reaction can easily be imagined.

Such would also be a matter of great concern for the policy of Democratic presidential candidate Barack Obama, who plans to put high priority on relations with Japan amid a variety of views on options.

It is understandable that the Democratic Party of Japan led by Ichiro Ozawa, whose top priority is to win the next election, is

trying to drive the government into a corner at all costs with the aim of scoring points. National interests take precedence over party interests. Can a person who does not understand such a thing be called a lawmaker?

I want to see the next administration firmly promote the extension

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of the Antiterrorism Special Measures Law authorizing the MSDF's refueling operation in the Indian Ocean.

I have more expectations for the next cabinet. The media reported that former Prime Minister Shinzo Abe walked off the job. He had no intention to walk off the job if not for his ill health.

On the contrary, he was planning in the previous Diet session to resolve and implement the LDP's longstanding issues, such as amending the Basic Education Law, the establishment of a national referendum law necessary for amending the Constitution, and upgrading the Defense Agency to ministry status.

Suspension of Abe reform drive regrettable

A blue-ribbon panel was especially ordered to accelerate its deliberations on the government's interpretation of the right to collective self-defense. Completing its debates on four situations during the summer, the panel was scheduled to meet on Sept. 14 last year to wind up its discussions. Prime Minister Abe came down with an illness two days earlier. It was truly regrettable that the reform drive ended one step short of resolving the LDP's longstanding issues.

No one has explained the reason why. The mood of passive resistance to Prime Minister Abe's courageous attempt to break away from the habitual thinking of over a half-century after WWII -- the lack of the courage and intellect to offer a logical explanation -- has blocked the reforms that were set in motion.

I remember the following words by a grade school teacher who had received the Hakuho Award, which honors organizations and individuals for outstanding achievements in elementary and middle school education: "I have encouraged children to turn Japan into a beautiful country. Today's mood does not allow me to say those words to the children. What should I do?"

It is a strange phenomenon. The education to abhor Occupation-period Japan, the remnant of the Japan Teachers' Union's education to benefit the communist bloc during the Cold War, has heavily shrouded Japan over the last one year like smog, though there is no longer an argument or intellect to defend it.

I earnestly hope that the next cabinet or Japanese politics resulting from the latest political event will bring a ray of hope to this dark cloud.

(3) Democratic Party, Republican Party set forth Japan policy in platforms for U.S. presidential election

NIKKEI (Page 2) (Full)  
September 6, 2008

In latest party conventions, the Republican Party and the Democratic Party adopted their respective policy platforms for the coming U.S. presidential election. The Democratic Party, which gives top priority to Afghanistan in the war on terrorism, will likely call on Japan to continue Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean if it wins power. An administration of the Republican Party, which places emphasis on the Japan-U.S. alliance, might ask for Japan to assume more responsibility and a greater burden, using the expression "demonstrate leadership." No

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matter which party wins in the November election, the new Japanese government will inevitably be pressed to make a specific reply.

Democratic Party may call for continuation of refueling mission in war on terror, also seeks multinational framework

The Democratic Party, which has nominated Barack Obama for president, notes in its platform: "The central front in the war on terror is in Afghanistan and Pakistan." Without any reference to Japan, the platform just stresses the need for deepened cooperation with the North Atlantic Treaty Organization (NATO), but it incorporates assistant measures in the economic and education areas, besides cooperation on the military front. Given this, a Democratic Party administration might ask Japan to make more contributions in infrastructure construction.

Based on its advocacy of promoting international cooperation, the Democratic Party gives priority to strengthening cooperation with Pakistan. The Bush administration, in its call for Japan to continue the MSDF refueling operation, has cited the need for assistance of the sole Islamic nation that has taken part in the war on terror. Either a President Obama or a President McCain may come to ask Japan to continue the refueling service.

The Democratic Party places Japan at the top on the list of allies in Asia, noting the U.S. will maintain its current strong relations with Japan, while also seeking a multilateral framework. This is similar to State Secretary Condoleezza Rice's approach to Asian nations to form a regional security organization that is based on the six-party talks on North Korea's nuclear problem. Candidate Obama calls for a policy of dialogue in dealing with North Korea, taking a different stance from Japan.

#### Republican Party takes step into North Korea policy

The Republican Party defines the long-term U.S.-Japan alliance as the cornerstone for maintenance of peace and stability in Asia. On policy toward North Korea, too, its platform urges Pyongyang to scrap all its nuclear weapons and programs in a complete, irreversible and verifiable way. It also stresses the need to shed light on its moves to proliferate nuclear weapons, taking one step farther than the Democratic Party's platform. A senior member of the McCain indicated consideration for and emphasis of Japan, saying: "Although the six-party talks are effective, they have moved forward only slightly. We will discuss how to resolve the issue with our allies, Japan and South Korea."

But emphasis on the allies is to impose due responsibility on them. The Republican Party platform notes: "We hope that Japan will demonstrate leadership in dealing with Asian issues, as well as global issues," urging Japan to take action. The Defense Department expects Japan to expand cooperation not only in dealing with such international challenges as global warming but also in the military area, like progress in the realignment of U.S. forces in Japan and improvement in the ballistic missile defense network.

In the war against terrorism, the U.S. military's strength, equipment, and budget are about to reach their limits. Its basic principle, therefore, is to urge its allies to shoulder a fair share. In the U.S. government, there is an atmosphere of seeking an increase in defense outlays.

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#### (4) Japan's national security based on international teamwork

MAINICHI (Page 2) (Abridged)  
August 31, 2008

Makoto Iokibe, president of the National Defense Academy

In April this year, a 150,000-ton Japanese tanker, bearing the name Takayama Maru, was attacked and shot by pirates in the Gulf of Aden (in the Arabian Sea). On learning of the emergency, the German light cruiser Emden, which was on stage off Somalia, flew a helicopter to the rescue of the Takayama Maru. Eventually, the Japanese tanker was safe.

Although it is not well known, Japan and Germany have actually helped each other out. In 1997, there was a riot in Albania, one of the Balkan states. At the time, Germany carried out military operations to rescue its nationals in that country. The military operations went well, and the German forces rescued foreign nationals, including 11 Japanese. The Japanese ambassador to Germany called on the foreign minister to express his gratitude.

Soon after that, a crisis was just about to happen in Indonesia, with Suharto's impending downfall. Then Prime Minister Ryutaro Hashimoto decided to use Self-Defense Forces aircraft to rescue Japanese nationals. Hashimoto had four SDF planes flown to Singapore and ordered them to stand by there. At that time, Germany asked Japan to take care of about 100 German nationals. Japan was helped by Germany in the Balkans, so the Japanese government responded in a positive manner and revised its plan to prepare for that contingency. However, the crisis came to an end with Suharto's resignation. The German foreign ministry expressed its appreciation with impressive words: "Japan made the plan. That's the same as an actual rescue."

Japan was willing and ready to engage in mutual assistance. In point of fact, however, Germany extended a helping hand to Japan twice, while Japan has done nothing for Germany in terms of mutual assistance. This is not exactly the spirit of give-and-take.

Instead, Japan is carrying out refueling activities in the Indian Ocean. Of course, Germany is also receiving fuel from Japan in the Indian Ocean. In February this year, Japan resumed the Maritime Self-Defense Force's once-suspended refueling activities there. Germany has so far received three refueling services, ranking fourth in frequency next to Pakistan, France, and Canada. Japan's refueling activities are highly appreciated by various countries engaged in maritime interdiction operations in the Indian Ocean--which is far and inconvenient--for the war on terror. In January this year, when Japan decided to resume its Indian Ocean refueling activities, the German government welcomed the decision, stating: "Japan is an important international partner for us." There was such a background, and a German battleship rescued the Takayama Maru.

Japan is a trading nation, so the sea lanes are its lifeline. However, Japan cannot defend its sea lanes alone. In order for Japan to secure its activities around world, there is no choice but to team up with other countries. In that respect, Japan's alliance with the United States, which has overwhelming power, has great merit. In addition, it is also essential for Japan to work together with many countries in each other's area of activities, as Japan has been doing so with Germany.

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Last year, Japan hosted an international training exercise in Sagami Bay for the proliferation security initiative (PSI) to prevent the proliferation of weapons of mass destruction. I had a chance to see the PSI training exercise there. The PSI is a framework of multilateral cooperation to crack down on weapons of mass destruction (WMD) smuggling. In the PSI drill, a small MSDF vessel chased, halted, and inspected a gigantic suspicious ship of more than 60,000 tons. I felt uneasy as I saw a crew of MSDF members climbing up the ladder from their dinghy and being swallowed up in the huge ship. What if the suspicious ship bared its fangs? The next moment, however, I figured it out. When I turned my eyes out over to the vast expanse of water, I found out that there were a number of warships floating over the horizon from such countries as the United States, Britain, France, and Australia. The suspicious ship was surrounded. Their presence backed the MSDF's bold action. The ship would have no choice but to surrender.

This is the way Japan should secure itself, isn't it? Japan cannot completely defend itself with military spending up to 1 PERCENT of its gross domestic product. Japan's national security is based on its international cooperation.

"Japan's security is (a gamble for) all or nothing," Kyoto University Professor Masataka Kosaka, a scholar of international political science, once said. Japan covers its national security

with 1 PERCENT of GDP, but the reason why Japan can do so at this exceptionally low level of military spending is because Japan maintains its international cooperation including its alliance with the United States. Then, how about if Japan wants to have self-contained military systems on its own? In that case, Japan-its GDP was about half the scale of the United States in those days-would need 8 PERCENT of its GDP for its military spending, or doubling the United States' military spending (4 PERCENT ). Professor Kosaka humorously talked about such an outline of how Japan's national security is.

Japan cannot secure itself or pursue economic activities critical to its survival without international cooperation. Even so, Japan's international cooperation, including its participation in United Nations peacekeeping operations, is extremely low-keyed. Should Japan face a crisis without international cooperation, it would feel isolated and have no choice but to build up its military preparedness. We must not forget that giving up Japan's refueling mission in the Indian Ocean, which is one of the few means for Japan to shore up international cooperation, will affect Japan's national security and survival.

#### (5) TOP HEADLINES

Asahi:

Lower House to be dissolved at outset of extraordinary session

Mainichi:

Tainted rice sold to confectionery maker in Kansai region

Yomiuri & Nikkei:

U.S. government takes control of troubled mortgage firms

Sankei:

Another alleged abduction of Japanese woman by North Korea 10 years ago

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Tokyo Shimbun:

Oita board of education cancels hiring in 2007 of 6 teachers

Akahata:

JCP wins Tokyo City assembly by-election

#### (6) EDITORIALS

Asahi:

(1) NSG's approval of lifting embargo of nuclear technologies and materials against India historical mistake

(2) Countries should jointly use the Large Hadron Collider (LHC) for research

Mainichi:

(1) Extension of North Korea's reinvestigation of abductions: Japan must prevent agreement with North Korea from becoming a dead letter

(2) Defense White Paper: 2008 report should be last one that includes "scandals"

Yomiuri:

(1) LDP presidential race: Good opportunity to deepen debate on economic issues

(2) Google's 10th anniversary: Is it all right for us to depend so heavily on Google?

Nikkei:

(1) Lifting of arms embargo of nuclear materials against India incomprehensible

(2) Review also necessary achievement test

Sankei:

(1) New type of flu: Companies must seriously deal with matter

(2) UN disarmament conference: New cooperation framework needed for nuclear nonproliferation

Tokyo Shimbun:

(1) If thalidomide is reauthorized, it must be used under strict control

(2) New Pakistani president will face many difficulties

Akahata:

(1) Heating oil: Support for daily lives of people should be expanded

(7) Prime Minister's schedule, September 6

NIKKEI (Page 2) (Full)  
September 7, 2008

09:47

Met Defense Minister Hayashi and National Public Safety Commission chief Hayashi in the JR Tokyo VIP room.

10:02

Saw off the Emperor and Empress to attend the national convention for marine life.

10:22

Returned to his official residence.

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11:19

Enjoyed shopping with wife Kiyoko at Iwaki Ginza. Afterward saw the Michiko Kobayashi exhibition at the Shinwa Art Museum.

12:14

Had a dinner with wife at a Hotel Okura Chinese restaurant.

13:48

Returned to his official residence.

Prime Minister's schedule, September 7

NIKKEI (Page 2) (Full)

September 8, 2008

Morning

Spent time at his official residence.

18:26

Had a family dinner at a Chinese restaurant in Higashi-azabu.

20:41

Returned to his official residence.

ZUMWALT